GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Vision 2029 – Contracting the Services of Consultants for augmenting the capacity for effective implementation of Development Missions – Guidelines for Procurement and Contracting of Consultancy Services – Orders - Issued.

FINANCE (HR. I) DEPARTMENT

G.O.MS.No. 89 Dated:16-07-2015

Read the following:

1. G.O. Ms. No. 19 Planning (X) Department dated 16.09.2014.
2. Minutes of the meeting of the State Level Committee dated 21.02.2015.

Order:

1. The Government of Andhra Pradesh has developed a comprehensive strategy for achieving sustainable and inclusive double digit economic growth to make the state of Andhra Pradesh amongst the three best states in India on key social and economic indicators by 2022 and a developed state by 2029, measured in terms of key social and economic indicators. This vision is sought to be realised through seveninter-related Missions, namely Primary Sector Mission, Social Empowerment Mission, Knowledge and Skill Development Mission, Industry Sector Mission, Infrastructure Mission, Service Sector Mission and Urban Development Mission.

2. Considering the capacity gaps that exist within the Government, with specific reference to strategic and operational planning, technical assistance, technology transfer and capacity development, and for effective monitoring and evaluation of the Mission related activities, the Government has decided to contract the services of select experts – individuals and firms – for specified duration and for specified purpose with a detailed terms-of-reference (TOR) and performance management system. The Consultants are to be contracted to supplement and / or complement the capacity of the Mission executing department or the agency for the well-definedpurpose of diagnostic review of the sector, preparation of strategic plans and implementation plan with budget, monitoring and evaluation and not as a matter of routine or to substitute core and sovereign functions of the department.

3. The Government, in its order first read above, constituted the State Level Committee for selection of the consultancy firm for preparation of 'Swarnandhra Vision 2029 Document' under the chairmanship of the Special Chief Secretary to Government, Planning Department. The Committee, in the meeting held on February 21, 2015, recommended draft guidelines for procurementand contracting the consultancy services for the executing departments of the Missions.

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4. The Government, after careful consideration of the recommendations of the Committee, hereby authorise the departments responsible for implementation of the Missions to procure and contract the services of consultants – both individual experts and the consultancy firms for a group of experts – duly following the guidelines attached to this Order as the Annexure. The departments must meet the cost of such contracted services from within the budget provision earmarked for this purpose.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

DR PV RAMESH IAS
PRINCIPAL FINANCE SECRETARY TO GOVERNMENT

To
The Special Chief Secretaries to Government/ Principal Secretaries to Government/ Secretaries to Government

Copy to:
The Chief Secretary to Government of Andhra Pradesh
The Principal Secretary / Secretaries of Chief Minister's Office
All the Heads of Departments
All the District Collectors
Officer on Special Duty / P. S. to the Finance Minister
OSD / PS to all Hon'ble Ministers of the Government of Andhra Pradesh
SF / SCs.

//FORWARDED :: BY ORDER//

SECTION OFFICER

ANNEXURE

Guidelines for Procurement and Contracting of Advisory Services

I. Background

1. The Government has decided to launch a comprehensive programme of action for accelerating and sustaining the economic growth of the State duly ensuring that all citizens, including those traditionally excluded are given access to the growth momentum of the State. In this regard, recognising that the department may not have the technical and sometimes even operational capacity to switch gears and accelerate the development process with the available human resources, the government has decided to permit the departments to contract the services of experts for a specified duration with well-defined terms of reference (TOR). The services of the experts must be contracted only when the existing human resources of the department do not fulfil the requirements of the components of the Mission concerned.

2. While contracting the services of experts, the departments must note that the consultants cannot substitute for the core competencies of the department. Further, the contracted experts will and can add value to the development process when they complement, supplement and demonstrate increased effectiveness of programme impact and enable higher than expected outcomes. In this process, the department must ensure that the services of the contracted experts are effectively managed by the Secretary / Head of the Department (HoD) directly and any shortfall is identified and remedied immediately. The department must ensure that the experts build the capacity of the department functionaries across the operational value chain and the process does not breed avoidable dependence on the contracted experts in the longer term. Above all, the department must ensure that the contracted experts deliver as per the TOR defined for them in terms of outputs, outcomes and the time schedule.

II. The Process

3. Prior to launching the process for contracting the services of consultants, the departments associated with the implementation of Missions, must conduct a strategic assessment of the planning, implementation and monitoring capacity of the department at all operational levels and identify the critical gaps. Based on such a diagnostic review, the department must identify the expert services it would require in order to supplement the existing human resource capabilities. Based on such an assessment, the department will identify the number of experts it would require during the current financial year and thereafter and draw up detailed terms-of-reference for each of the experts to be contracted. The services of experts should normally be contracted for a period not exceeding nine months and rarely ever extended beyond a year.

4. The Terms-of-Reference (TOR), duration of assignment, performance management system, for each of the experts along with their service conditions and the compensation regime should get approved by the competent authority in accordance with the Rules of Secretariat Business. When a team of experts include more than two individual specialists, the services of the entire team may be procured duly following the process for procurement of firms rather than individuals.

III. Procurement of Firms

5. The services of the experts – either as individuals or through a Firm should be obtained through a competitive process that is transparent and follows the principles and guidelines for procurement established by the Government of India and the Government of Andhra Pradesh.The department shall follow the established procurement procedure that include four types of Selection Methods for procuring a team of experts that include *inter alia,*

i) Quality-Cum-Cost Based Selection (QCBS);
ii) Quality Based Selection (QCB);
iii) Least Cost Selection (LCS); and
iv) Single Source Selection (SSS).

6. The Quality-Cum-Cost Based Selection (QCBS) is appropriate when:

- ✓ The type of service required is common and not too complex;
- ✓ The scope of work of the assignment can be precisely defined and the TOR are clear and well specified;
- ✓ The Client and the consultants can estimate with reasonable precision the staff time, the assignment duration, and the other inputs and costs required of the consultants;
- ✓ The risk of undesired downstream impacts is quantifiable and manageable; and
- ✓ The capacity building program is not too ambitious and easy to estimate in duration and staff time effort

7. Quality Based Selection (QCB) is appropriate when:

- ✓ The downstream impact of the assignment can be so large that the quality of the services is of overriding importance for the success of the project as a whole;
- ✓ The scope of work, the duration of the assignment, and the TOR require a degree of flexibility because of the novelty or complexity of the assignment, the need to select among innovative solutions, or the particular physical, environmental, social, or political circumstances of the project;
- ✓ The assignment itself can be carried out in substantially different ways such that cost proposals may not be easily or necessarily comparable;
- ✓ The introduction of cost as a factor of selection makes competition unfair; and the need exists for an extensive and complex capacity building program.

8. The Least Cost Selection (LCS) is appropriate when:

- ✓ The assignment is small and of a standard or routine nature
- ✓ The intellectual component of the assignment is minor
- ✓ Well-established practices and standards exist to carry out the assignment; and
- ✓ Well defined outcome can be executed at different costs

9. Single Source Selection (SSS) is appropriate when:

- ✓ The assignment represents a natural or direct continuation of a previous one awarded competitively and the performance of the incumbent consultant has been good or excellent;
- ✓ The consultant's prompt availability is essential (for instance, in emergency operations following a natural disaster, a financial crisis, and so forth);

- ✓ The contract is very small in value; or
- ✓ Only one consulting organization has the qualifications or experience required to carry out the assignment.

10. The departments may assess the above four selection methods and adopt the appropriate procurement method based on the scope of work and nature of the assignment.

IV. Types of Proposals

11. After identification of the section Method, the department can choose the ProposalFormat as per the assignment cost and duration, which include:

a. Full Technical Proposal (FTP); and
b. Simplified Technical Proposal (STP)

A. Full Technical Proposal (FTP)

a) Full Technical Proposal is appropriate when:
   i. Cost of Contract is more than Rs. 100 Lakh; and
   ii. Duration of Contract is more than 11months;

b) Full Technical Proposal format should include:
   i. Legal Status of the Firm - Introduction to the firm and associate firm(s) background; registrations and operations required;
   ii. Experience of the Firm - Description of completed projects illustrating firm and associate(s) firm's relevant experience required;
   iii. Comments on Terms of Reference - Concise and to the point as a separate section required;
   iv. General Approach and Methodology, Work Plan - Detailed description including charts and diagrams required;
   v. Personnel's CVs - Detailed CV (preferably provide CV Format) of all proposed Consultants required; and
   vi. Personnel Deployment Schedule - Required (preferably provide Personnel Deployment Schedule Format).

c) Procurement using Full Technical Proposal usually requires about 60 days with 45 days for the bidding firm submission proposals and then about 15 days for bid evaluation by the Client (Line Department).

B. Simplified Technical Proposal (STP)

a. Simplified Technical Proposal is appropriate when:
   i) cost of Contract is equal to or less than Rs. 100 Lakh; and
   ii) Duration of Contract is equal to or less than 11 months.

b. Simplified Technical Proposal format should include:
   i) Legal Status of the Firm - Introduction to the firm and associate firm(s) background; registrations and operations required;
   ii) General Approach and Methodology, Work Plan - Brief description including charts and diagrams required;
   iii) Personnel's CVs - Detailed CV (preferably provide CV Format) of all proposed Consultants required; and

iv) Personnel Deployment Schedule - Required (preferably provide Personnel Deployment Schedule Format)

c. Procurement using Simplified Technical Proposal usually requires about 22 days with 15 days for the bidding firm for submission of proposals and then about 7 days for bid evaluation by the Client (Line Department).

12. The departments may assess which type of Proposal Format should be used based on its appropriateness vis-a-vis the scope-of-work and nature of assignment.

V. Procurement of Individual Consultants

13. The services of the experts – either as individuals or through a Firm should be obtained through a competitive process that is transparent and follows the principles established by the Government of India and the Government of Andhra Pradesh.

14. The Individual Consultants may be based on critical appraisal of their experience, expertise and performance in circumstances similar to that of Andhra Pradesh Government. For a quicker and easier method of remunerating the individual experts, the following fee structure could be adopted, subject however, to the department negotiating a rate lower than indicated below:

Level	Qualification Criteria	Daily Fee Rate (in INR)	Monthly Fee Rate (in INR)
Senior Level Consultants	Professionals with high level of specialization and experience Education: Masters/ Doctorate in the required discipline and from an eminent institution Essential Experience: More than 12 years at top management level with good institutions Required Experience: 6-8 years of Consultancy exposure to projects of high value and impact.	6,000 -9,500	1,50,000 – 2,40,000
Middle Level Consultants	Professional with middle level experience in relevant sector/ function. Education: Graduate/ Post Graduate in the required discipline Essential Experience: 6 to 12 years at middle management level from reputed (National/ State) institutions Required Experience: 3-4 years of Independent Consultancy experience.	3,000 – 6,000	75,000 – 1,50,000

Level	Qualification Criteria	Daily Fee Rate (in INR)	Monthly Fee Rate (in INR)
Young Professionals	Young Professional with experience in relevant sector/ function Education: Graduate/ Post Graduate of required discipline Experience: 3 to 5 years at entry management level from reputed (National/ State) institutions	1,800 – 3,000	45,000 – 75,000
Fellowship	Young Professional with entry level sector/ function. Education: Graduate/ Post Graduate of required discipline Experience: 1 to 2 years at entry management level from reputed (National / State) institutions.	1,500 – 1,800	35,000 – 45,000
Experts / Specialised Consultants	Professional with exceptional expertise in the required sector/ function.	9,500 – 20,000	2,40,000 – 5,00,000 (To be referred to the State Level Committee)

15. The Daily/ Monthly fee recommended for consultants is lump sum and no other additional allowances are allowed.If individual consultant is being contracted for total period of less than a month (25 days), the fee may be fixed on Daily Rate basis and if the total contract period exceeds a month (25 days) then the fee may be fixed on Monthly Rate basis. The total consultancy period, when hired on daily rate basis, may not exceed three monthperiod on aggregate basis. In case it is necessary for consultancy period to exceed three months, when payment is done on daily basis, the concerned departments may obtain the approval of the SLC.

16. All Experts/ Specialized Consultants cases may be referred to the SLC for approval along with requirement, justification etc. For retired government employees of both central and state governments, the remuneration will be last pay drawn minus pension in accordance with the existing norms. The proposed salaries are consolidated per month without any benefits or other facilities. The consultants will be extended a fixed tweleve days of leave in a year (pro rata calculated vis-a-vis the period of contract). No other leave is permissible. Similarly, EPF and other benefits are not applicable to the consultants; and the concerned departments may decide on the educational and essential and required experience norms for the consultant.

17. Procurement of Individual Consultants may be done by three methods.

a. Empanelment Method
b. Advertisement Method
c. Single Source Method

18. **Empanelment Method:**Line Departments may establish a process of empaneling consultants by requesting submission of detailed CVs (preferably provide CV Format), which they can assess and qualify by expertise and consultant levels (as described above). When required, the line department may identify at least three qualified consultants from the empanelment list and issue them the Terms of Reference and request them for technical proposal describing the approach and methodology to be adopted by them. Based on the assessment of the technical proposal, the consultant may be selected. Fee of the selected consultant may be fixed as per consultant level and criteria described above.

19. **Advertisement Method:**Line Department may advertise for the consultant in Local/ National daily each time they need to engage an individual consultant by issuing the Terms of Reference. The consultants applying may be requested to submit detailed CV (preferably provide CV Format) and technical proposal describing the approach and methodology to be adopted by them responding to the Terms of Reference issued. Based on the assessment of the technical proposal the consultant may be selected. Fee of the selected consultant may be fixed as per consultant level and criteria described above.

20. **Single Source Method:** The assignment represents a natural or continuation of a previous one awarded competitively by Government of Andhra Pradesh or Government of India and the performance of the individual consultant has been found good or excellent.

VI. General Issues

21. Hiring Consultants can add the required capacity, but simultaneously in-house capacity should be developed. It's all the more required as the temporary consultants come at a much higher cost.

22. In view of this, to promote in-house capacity development, the TOR of each consultant/ agencyshould include appropriate capacity building measures during the period of their contract with the respective departments.

23. Moving ahead, there should be a cap on expenditure on consultants as a fixed percentage of Salary expenditure of the department. Special cases with unique expertise alone may be considered separately.

24. The departments are required to work in close coordination with the Planning and Finance Department while contracting the services of experts. Above all, the Secretary / HoD concerned must closely work with the consultants, duly ensuring their performance is in accordance with the contractual agreement. The contract of any consultant falling short of expected standards be terminated without loss of time.

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